



Iowa Department of Human Services

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INFORMATIONAL LETTER NO.1570

DATE: November 9, 2015

TO: Iowa Medicaid Hospice Agencies

FROM: Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

RE: Annual Update of Hospice Rates

Pursuant to 441 IAC 79.1(14), Medicaid hospice rates are based on the methodology used in setting Medicare rates for the categories of care provided with application of an appropriate area wage adjustment.

The Centers for Medicare and Medicaid Services (CMS) publishes Medicaid hospice payment rate changes annually for the following four levels of care:

Medicaid Hospice Rates Effective October 1, 2015 – December 31, 2016				
Revenue Code	Description	Daily Rate	Wage Component Subject to Index	Unweighted Amount
651	Routine Home Care	\$162.10	\$111.38	\$50.72
652	Continuous Home Care	\$945.16 (full rate = 24 hours of care/\$39.38 hourly rate)	\$649.42	\$295.74
655	Inpatient Respite Care	\$176.26	\$95.41	\$80.85
656	General Inpatient Care	\$720.11	\$460.94	\$259.17

The daily rate is broken out into two components. The wage component of the rate is adjusted by an appropriate wage index to reflect geographical differences in area wage levels. The link to the hospice rates shown on the [Fee Schedules](http://dhs.iowa.gov/ime/providers/csrp/fee-schedule)¹ webpage are adjusted by an appropriate wage index that reflects the geographical differences in wage levels within the state and in bordering areas. The unweighted amount is the portion of the daily rate that is not adjusted by the wage index.

¹ <http://dhs.iowa.gov/ime/providers/csrp/fee-schedule>

Routine Home Care (RHC) and New Service Intensity Add-on (SIA) Payment:

RHC

The final Medicare hospice rule published on August 6, 2015, (CMS- 1629-F) changes the payment methodology for RHC to implement two rates that will result in a higher base payment for the first 60 days of hospice care and a reduced base payment rate for days thereafter.

SIA Payment

Effective for hospice services with dates of service on and after January 1, 2016, a service intensity add-on payment will be made for a visit by a social worker or a registered nurse (RN), when provided during routine home care in the last seven days of life. The SIA payment is in addition to the routine home care rate. The SIA payment will be equal to the Continuous Home Care, hourly rate multiplied by the hours of nursing or social work provided (up to 4 hours total) that occurred on the day of service. The SIA payment will also be adjusted by the appropriate wage index.

CMS will delay the implementation of both the dual Routine Home Care Rates and the Service Intensity Add-On payment rate until January 1, 2016. A separate informational letter will be sent related to those changes.

Wage Indexes

Annual updates to the hospice wage indices were published in the Federal Register (Volume 80, Number 151) on August 6, 2015. The published wage indices are based on the most current available wage data as well as changes implemented by the Office of Management & Budget (OMB) to the definitions of Metropolitan Statistical Areas (MSAs), which are superseded by Core Based Statistical Areas (CBSAs). For Federal Fiscal Year 2016, the full CBSA-based wage index values have been used.

Room and Board Payments

The room and board payment for hospice residents residing in nursing facilities is 95 percent of the associated nursing facility's base rate.

Hospice Quality Data

Hospice providers are required to comply with Section 3004 of the Affordable Care Act (ACA) and the implementing regulation 78 FR 48234 (August 7, 2013). This section requires that hospice providers comply with the quality data submission requirements. CMS has published rates indicating different payment levels for hospice providers that **have** submitted the required quality data and hospice providers that **have not** submitted the required quality data. Iowa will be using the rates published for hospice providers that **have** submitted the required quality data to CMS for FFY 2015.

If Iowa is notified by CMS that a hospice provider has not submitted the required quality data, hospice payments made to the hospice provider may be reprocessed at a lower rate.

Additional Information

Questions relating to this Informational Letter may be directed to the IME Provider Services Unit at 1-800-338-7909 or by email at imeproviderservices@dhs.state.ia.us.